

**Western Growers Association
Environmental Defense
Woolf Enterprises
Natural Resources Defense Council
California Association of Winegrape Growers
Defenders of Wildlife
California Citrus Mutual
California Coalition for Food and Farming
American Farmland Trust
Western United Dairymen**

August 8, 2006

A.G. Kawamura
Secretary
California Department of Food and Agriculture
1220 N. Street
Sacramento, CA 95814

RE: Written Comments for Farm Bill Listening Sessions

Dear Secretary Kawamura:

Thank you for initiating and conducting the CDFA's Farm Bill listening sessions. Several of us on this letterhead participated in the sessions and appreciated both the opportunity to share our organizations' thoughts and to learn about other group's interests.

The 2007 federal Farm Bill offers an unprecedented opportunity for California to address the unmet needs of agriculture, enhance the conservation of critical natural resources and help address key environmental issues faced by our state. The Conservation Title is one of the key areas of opportunity that lends itself to the intersecting interests of both the agricultural sector and the environmentalists. Please be advised, however, that our working group has discussed other titles equally important such as nutrition, research, energy and invasive species, to name a few. At this time we have agreed to support other efforts addressing these that are led by colleagues with more experience in drafting the necessary language.

We all believe agricultural lands and operations that are appropriately equipped and managed to preserve and protect natural resources can supply environmental benefits including cleaner water, increased wildlife habitat, flood control, wetlands protection and air quality improvements. In fact, in California, most farmers implement stewardship practices and wish to do more but they need increased access to and assistance with resources and technical help associated with the Farm Bill's conservation programs.

Recognizing this need and the great potential for both environmental benefit and agricultural vitality in the state, a small and diverse group of California agricultural and

environmental organizations came together to make recommendations for changes to federal farm policy and conservation programs authorized under the farm bill. The small group spent several months identifying ways that we all agreed the Conservation Title could be improved. These recommendations for change reflect a consensus among those at the table and are centered. The recommendations focus on California's need for resources to encourage innovation and cooperation, reward performance and enhance access to the programs equitably among all producers.

We are pleased to be able to share our recommendations with California's Department of Food and Agriculture, Environmental Protection Agency, Resources Agency and the Department of Health Services as the agencies develop a perspective on the 2007 Farm Bill. The attached summary includes general tenets of our recommendations for new policies and changes to existing policies that will help us protect and promote both agriculture and the environment in California.

We are eager to work with the Administration to effectively incorporate these recommendations into a California Farm Bill perspective and support other efforts on the aforementioned titles. Please feel free to contact any of us for additional information on this consensus document.

Sincerely,

Hank Giclas
Western Growers Association

Joel Nelsen
California Citrus Mutual

Kathryn Phillips
Environmental Defense

Claudia Reid
California Coalition for Food and Farming

Stuart Woolf
Woolf Enterprises

Jonathan Kaplan
Natural Resources Defense Council

Kim Delfino
Defenders of Wildlife

Karen Ross
California Association of Winegrape
Growers

Michael Marsh
Western United Dairymen

Edward Thompson, Jr.
American Farmland Trust

Attachment: Proposed Improvements to the Conservation Title of the 2007 Farm Bill

Bringing Greater Benefit to California: Proposed Improvements to the Conservation Title of the 2007 Farm Bill

By nearly any measure, California has not received its fair share of federal Farm Bill funding in the last four years. For instance, our state has greater air pollution regulation, water conservation and water quality challenges, and more threatened and endangered species listed than nearly any other state. Yet California ranked 28th, based on the amount allocated from 1995-2004, of those states receiving Farm Bill money designated for conservation and pollution control.

The 2007 federal Farm Bill offers an unprecedented opportunity to address the unmet needs of California agriculture and everyone who benefits from it. The bill's formal development is now underway, and members of Congress are preparing marker bills that will shape the debate. The only way to take maximum advantage of this opportunity is for California to speak with a unified, bipartisan voice on its food and agriculture needs. The time for California to get organized to bring greater benefit to the state is now.

Late in 2005, a small group of farmers and farm representatives, environmental advocates, and others came together to try to develop that necessary unified voice. We all agreed that the Conservation Title of the Farm Bill offers great opportunity for finding that voice. Increasing funding for the Conservation Title, and making sure there are equal opportunities for California farmers to win those funds, will help the state's farmers and help the environment.

The small group spent several months identifying ways that we all agreed the Conservation Title could be improved. What follows is a detailed summary of the changes we are proposing. These changes reflect a consensus among those at the table. It doesn't reflect just what farmers want; it doesn't reflect just what environmentalists want; it doesn't reflect any political party's vision. The changes reflect what a small, thoughtful group of Californians who deeply value California agriculture *and* a clean and productive environment believe that the 2007 Farm Bill Conservation Title should and *can* fairly deliver to California.

We invite you to review this document and share thoughts and ideas about the changes we propose. Ultimately, we expect the proposals in this document to be reflected in a bipartisan marker bill that all Californians can embrace. We hope to see it introduced in Congress by members of the California congressional delegation in time to make California's needs part of the 2007 Farm Bill debate.

For this effort to be a success, we need your engagement and support. Every Californian will benefit from the gains it achieves.

Conservation Title Marker Bill Summary

- 1. Significantly increase funding for working lands conservation programs, increase program effectiveness in achieving environmental outcomes, improve effectiveness in California, and address issues that create special environmental challenges for California farmers.**

Environmental Quality Incentives Program (EQIP):

EQIP provides cost-share and incentive payments to farmers to meet certain environmental goals, such as cleaner water, cleaner air, enhanced wildlife habitat, and so forth. It is the Conservation Title program most used by California farmers. The following changes would make the program work better for California:

- Gradually increase annual mandatory funding to \$2 billion per year for EQIP.
- To ensure that EQIP delivers the most environmental bang for the buck, add provisions clarifying that states must consider the overall cost effectiveness of proposed projects and target funds to projects that will deliver environmental benefits in the most cost-effective manner.
- To ensure that EQIP effectively addresses national, state, and local conservation priorities, add a provision requiring that applications for EQIP funding be evaluated and prioritized based on how effectively and comprehensively they address designated resources of concern (*e.g.*, water quality, air quality, habitat for at-risk species); their cost effectiveness and efficiency in delivering environmental benefits; their level of environmental performance; and their ability, based on criteria to be developed by the Secretary, to effectively address national, state and local conservation priorities.
 - *Since California has specific regulations addressing habitat, air and water that are generally more stringent than those in many other states, this setting of priorities within the bill will help encourage a larger share of EQIP funds to be devoted to California. In addition, it will help ensure that environmental problems in California are actually solved in a way that is good for California agriculture.*
- To provide a significant incentive to states to improve implementation of EQIP on the ground, expand the use of the “holdback” (or performance incentive for states) that NRCS has been using, and ensure that these performance incentives for states go to those states that prioritize cost-effective projects, effectively address conservation priorities, reward collaboration, innovation and higher levels of performance, and demonstrate results through effective monitoring and evaluation.
 - *State laws and regulations in California already require a higher level of performance. These changes to the performance incentives for states will help ensure recognition of this fact and draw more EQIP funding to California.*
- To help reduce air pollution from farms, especially in areas that do not meet federal air quality standards, create an air quality subprogram within EQIP that would provide cost-share and incentive payments to producers to address air quality concerns associated with agriculture. The program funding gradually increases to \$100 million per year by 2013.
 - *Since 2002, NRCS has been allowed to provide EQIP funding for air quality projects and has opted to spend about \$5 million*

a year in the San Joaquin Valley. This program is heavily oversubscribed. Creating a subprogram will ensure that air quality continues to be funded, and it will increase the funding significantly.

- To level the playing field for producers operating in more expensive parts of the country, where land values are high, the Secretary should take variation in the costs of practices and product value into account by establishing differentiated rates for incentive payments for land management practices.
 - *This will eliminate an inherent bias in EQIP.*
- In allocating funds, the Secretary should consider to what degree producers in each state are under pressure to comply with environmental regulations.
 - *California farmers are under more regulatory pressure than any other farmers around the country and this will ensure that that is taken into consideration when money is distributed.*
- To encourage farmers to share good environmental stewardship practices, cost-share and incentive payments should be allowed for farmer-to-farmer education through demonstration.

Wildlife Habitat Incentives Program (WHIP):

This is a voluntary program for landowners and others who want to develop and improve wildlife habitat on farmland. In California, for instance, it has recently helped restore habitat for salmon. The following changes would make the program work better:

- Gradually increase mandatory WHIP funding from \$85 million a year to \$300 million a year.
- Allow for cost-share payments of up to 100 percent of actual costs for practices required under voluntary agreements to protect and restore plant and animal habitat.
- In cases where the Secretary has entered into a contract or agreement to protect and restore habitat for federally or state-listed endangered, threatened or candidate species, the Secretary will be allowed to provide incentive payments to landowners, including the cost of management activities needed during the term of the agreement or contract.
- The Secretary should ensure that implementation of this program furthers the implementation of state wildlife action plans

Grassland Reserve Program (GRP):

This voluntary program pays to conserve and restore grassland while allowing the land to be used for grazing.

- In order to assist California's farmers and ranchers in maintaining economically viable and environmentally sustainable grazing operations, GRP should be expanded and a greater emphasis placed on long-term and permanent easements.

Farm and Ranch Lands Protection Program (FRPP):

The FRPP enables farmers to voluntarily sell conservation easements limiting non-farm development to ensure that farm and ranch lands remain available for agricultural production. The changes that are needed are:

- To avoid duplication of effort and conflicting program rules and criteria, a portion of available funds should be granted to programs operated by state and local governments, and by private land trusts, that have a long track record of acquiring and holding agricultural conservation easements.
- To meet strong demand, expand funding from \$100 million to \$300 million per year.
 - *This program helps agriculture withstand urban sprawl, which is consuming 50,000 acres of California farm and ranch land annually. The state's California Farmland Conservancy Program (begun 1997) and a number of private agricultural land trusts have operated successful conservation easement purchase programs for years. They would become even more effective if able to receive federal matching grants without unnecessary strings attached. An increase in funding will enable these programs to preserve more farm and ranch land in the state.*

2. Increase support for innovative solutions to environmental problems associated with agricultural production.

- Expand the Conservation Innovation Grants (CIG) program from approximately \$25 million a year to \$100 million a year by 2013, and improve it to ensure effective and efficient technology transfer. Under EQIP, expand the duties of the Secretary to include developing partnerships with other agencies and contracting with technical assistance providers to supplement the Natural Resources Conservation Service's expertise and staffing.
- To ensure that there are incentives for young people to develop expertise in fields needed to provide technical assistance to farmers, the Secretary shall establish an educational assistance program for students in fields such as agronomy, conservation biology, engineering and other relevant subjects. In exchange, assisted students will commit to service to the USDA.
- Create a new initiative to support and encourage integrated pest management, giving priority for funding to regions where there is the greatest potential to benefit producers seeking to comply with environmental regulations.
 - *California's farmers face some of the most stringent pesticide regulations in the country and are also among those farmers most interested and active in using integrated pest management.*

3. Improve land retirement programs to ensure they do a better job of improving water quality and enhancing habitat for at-risk species and other wildlife.

- Expand the voluntary Wetlands Reserve Program (WRP) to 5 million acres to meet the President's wetlands pledge, and allow the Secretary to pay owners up to the full actual cost of ongoing or periodic management activities needed to maintain the hydrologic, habitat or other functional values of wetlands enrolled in the WRP.
- Expand the WRP program to include funding for riparian habitat protection.
 - *California has lost much of its riparian lands. The inclusion of riparian lands would be a small portion of WRP acreage as riparian areas are the narrow strips of land running along wetlands, rivers and streams.*
- Take into account, while allocating WRP to states, the degree to which a state is protecting rare species and improving water quality.
 - *California gives relatively high priority to habitat protection and water quality. This provision would help ensure California would receive a fair share of the allocation.*
- Reform the voluntary Conservation Reserve Program (CRP) to establish a goal for USDA to enroll 7 million acres of environmentally sensitive lands through continuous enrollment and the Conservation Reserve Enhancement Program.
- Prohibit inappropriate plantings on, and promote better management of CRP lands in order to increase environmental benefits, particularly for at-risk species.
- Change rental payment limits to allow the Secretary to take into account a state's higher land market values, and allows irrigated land rental rates for CRP projects that provide conservation benefits.
 - *Farmers here have been at a disadvantage because this program hasn't taken into account the higher land values in California than elsewhere in the country. These provisions change that.*

4. Let all farmers participate in the Conservation Title programs.

- Remove the adjusted gross income limits on participation in Conservation Title programs.
 - *This recognizes the high dollar value of California's specialty crops, and also acknowledges that farm size and crop value shouldn't exclude a farmer from receiving incentives for good environmental practices and for protecting the habitat.*

5. Continue the Conservation Security Program.

The Conservation Security Program provides funding for farmers and ranchers who are providing conservation benefits through good management practices. This program should continue to be funded.

Research Title Improvements

The group of farmers, environmentalists and others working on the Conservation Title proposal realized early on that a combination of factors, including depleting assistance available through Cooperative Extension, require improvements in the Farm Bill Research Title to ensure that farmers have the information needed to provide good environmental stewardship. Specifically, the reform would:

- Create a mandated initiative to provide funding for research on practices, technologies and approaches that will help farmers meet air pollution control requirements, water quality and water conservation goals, and rare species protection and habitat restoration requirements. The initiative also requires that this research be disseminated to farmers.
 - *This initiative will provide tangible research and technical help to farmers facing the state's environmental regulations.*